



# Wisconsin TAX BULLETIN



## Filing Tax Returns

### Professional Credentials May Be Withheld

The Department of Regulation and Licensing (DORL) may deny the renewal of credentials to applicants that owe delinquent Wisconsin taxes. "Credentials" are licenses, permits, or certificates of registration or certification issued by DORL.

The provision to deny renewals to delinquent taxpayers was included in the Budget Bill, 1995 Wisconsin Act 27. The law takes effect with credentials due for renewal beginning January 1, 1996.

DORL has over 264,000 credential holders. Most of these are renewed every two years, at various times over the biennium. Under the new procedure, renewal applications will be screened to identify applicants with state tax delinquencies. Those with delinquent liabilities will be allowed ten days to pay the amounts due. Applications will be denied by DORL if the delinquency is not resolved in that period.

### New "Stadium Tax"

Beginning January 1, 1996, there is a 0.1% stadium tax on the sale of and the storage, use, or consumption of tangible personal property and taxable services in the following 5 Wisconsin counties:

- Milwaukee
- Washington
- Ozaukee
- Waukesha
- Racine

The stadium tax was created for purposes of assisting the development of a professional baseball park in Wisconsin.

**Important:** The November 1995 *Sales and Use Tax Report* (4-95) was sent in early December 1995 to all persons registered for Wisconsin sales and use tax purposes. Information on page 6 of that *Tax Report*, regarding the bracket system used in collecting tax from customers, was incorrect. The December 1995 *Sales and Use Tax Report* (5-95), which appears on pages 41 to 47 of this Bulletin, replaces the November 1995 *Sales and Use Tax Report* (4-95).

### Use Tax Return Added to Partnership Booklet

The Form 3 Partnership Booklet for 1995 will contain a consumer use tax return (Form UT-5) and instructions. Partnerships are reminded that if they make purchases of taxable tangible personal property or taxable services

for storage, use, or consumption in Wisconsin without the payment of Wisconsin sales tax, they may owe Wisconsin use tax.

The instructions explain who must file, when and where to file the return, and how to calculate the partnership's use tax liability.

### Reminder: Certain Information Returns Are Due January 31

Various Wisconsin information returns or the federal counterpart forms are required to be filed by January 31 with the Wisconsin Department of Revenue. Others are due March 15 or April 15.

For information about the Wisconsin information return requirements, refer to the copy of Wisconsin Publication 117, *Guide to Wisconsin Information Returns*, on pages 49 and 50 of this Bulletin.

### Forms, Publications Now Available by Fax

Beginning January 31, 1996, anyone with a fax machine will be able to order and receive Wisconsin tax forms and publications by fax, using the department's new "Fax-a-form" system.

*see Fax-a-Form, page 3*

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## Paying Taxes by Electronic Funds Transfer

The Department of Revenue offers electronic funds transfer (EFT) as a payment option for several types of state taxes. In addition, the department **requires** EFTs for payment of motor vehicle fuel tax and petroleum inspection fees.

The EFT payment option is available for payment of withholding tax; estimated tax for corporations, individuals, estates, and trusts; estimated temporary recycling surcharge for partnerships; excise taxes (beer, liquor/wine, cigarette, tobacco products); and general aviation and alternate fuel taxes.

EFT is a safe, fast, and efficient automated process for transferring tax payments to the department. It elimi-

nates the need for writing paper checks and filling out payment vouchers. The process can be as simple as making a toll free telephone call. The funds and tax payment information are transferred electronically through the Automated Clearing House (ACH) network, utilizing either the ACH Debit method or the ACH Credit method, with the funds getting deposited into the state treasury.

Wisconsin Publication 118, *Electronic Funds Transfer Guide*, provides general information about electronic funds transfers, specific ACH Debit and ACH Credit instructions, and a request form for EFT authorization. For a copy of Publication 118, or if you have further questions about EFT, you may call the department's EFT Information Line in Madison at (608) 264-9918, or you may write to:

Revenue Accounting — EFT Unit  
Wisconsin Department of Revenue  
P.O. Box 8912  
Madison, WI 53708-8912.

Publication 118 can also be ordered by fax, using Fax-a-form (see the article titled “Forms, Publications Now Available by Fax,” beginning on page 1). □

### Wisconsin Tax Bulletin

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**Fax-a-Form** (continued from page 1)**Fax-a-Form — What Is It?**

Fax-a-form is an automated system which enables taxpayers and practitioners to obtain forms and publications instantly via their fax machines.

**How Does It Work?**

- Call the Fax-a-form number, (608) 261-6229 (you must call from a fax telephone).
- Listen to the menu, then use the touch-tone keypad on your fax machine to enter the proper retrieval codes for the items desired.
- Receive the items you select, via your fax machine.

**What's a Retrieval Code?**

Each document offered by Fax-a-form has a number (a "retrieval code") assigned to it. A 4-page catalog is available, which lists all of the codes, and the number of pages for each document. You can have a catalog faxed to you by selecting that menu option when you call the Fax-a-form number. In addition, the retrieval codes for the most common forms are listed on the menu.

**What's Available by Fax-a-Form?**

All 1995 Wisconsin individual income, homestead credit, partnership, corporation, estate, fiduciary income, sales/use, and withholding tax forms (except a few forms which cannot be photocopied) are available, as well as the instructions for the forms. Amended individual income tax forms and instructions for 1993 and 1994 are also available. In addition, all publications published by the department are available (see the article titled "Tax Publications Available" on page 14 of this Bulletin for a listing of publications).

**When Can Fax-a-Form Be Used?**

Beginning January 31, 1996, Fax-a-form can be used any time, day or night, 365 days a year.

**How Much Does It Cost to Use?**

The Department of Revenue does not charge a fee for using the Fax-a-form service. Your only costs are the normal long-distance phone charges if applicable, plus your other fax machine operating costs.

**Any Questions?**

Contact the Fax-a-form system coordinator, at the following address, if you have any questions:

Wisconsin Department of Revenue  
Fax-a-Form System Coordinator  
Attn: Michael Banks  
P.O. Box 8903  
Madison, WI 53708-8903.

**Reminder: Quick Refunds Available for Individuals**

The Department of Revenue will continue its Quick Refund Program for 1995 individual income tax returns processed in 1996. The objective of the Quick Refund Program is to issue individual income tax refunds to qualifying taxpayers in as little as two weeks after the department receives the return. The return is checked for computation and other errors at a later date and, if necessary, an adjustment notice is mailed at that time.

The following requirements must be met for an individual to qualify for a quick refund:

- File a signed and completed 1995 Form WI-Z, Form 1A, or Form 1, including all attachments, on or before April 1, 1996.

- Use the department-printed mailing label on which none of the information is changed.
- Have a Wisconsin address on the department-printed mailing label.
- Have a refund due and enter that refund amount, less any amount carried over to 1996 estimated taxes, in the quick refund box which appears at the top of the return. Be sure to enter both dollars and cents.
- Claim no homestead credit or farmland preservation credit, and owe no delinquent taxes or delinquent debts to other state agencies.
- Mail the return to: Quick Refund, P.O. Box 38, Madison, WI 53787-0001.

Approximately 1.8 million refunds were issued in 1995, and over 470,000 of those were quick refunds.

**Tips to Speed Refund Processing**

You can avoid delays in the processing of a Wisconsin income tax return by following these tips:

- Use the department-printed name and address label. If the information on the label is wrong, draw a line through the incorrect information and print the correct information clearly on the label.
- Make sure entries are made on the correct lines.
- Print words and numbers legibly.
- Attach the correct withholding statement(s) (Form W-2, W-2G, or 1099-R) to the return.
- Claim only Wisconsin tax withheld from the withholding statement(s). Many taxpayers mistakenly use the

federal tax or social security tax withheld or tax withheld for another state.

- Attach the necessary supporting schedules.
- Fill in all requested information when claiming the school property tax credit. Many taxpayers claim a credit but don't fill in the rent or property taxes paid.
- Attach a complete copy of the federal income tax return and schedules to the Wisconsin Forms 1 and 1NPR.
- Complete the married couple credit schedule when claiming this credit. Many taxpayers claim the credit but don't complete the schedule showing their computation.
- Attach a completed rent certificate if you are a renter claiming homestead credit (a rent certificate is not necessary if you are claiming only the renter's school property tax credit).

### Reminder: Use Your Label

Preparers and taxpayers, remember to apply the preprinted address label to the completed tax return you submit to the department. Use the address label even if you are filing a computerized return. If you or your client received a postcard with an address label instead of an income tax booklet, be sure to transfer the label to the tax return.

Use of the label speeds processing of the tax return and reduces errors. Taxpayers who use the preprinted label receive their Wisconsin refund checks faster than those who do not use the label.

Corrections to incorrect information on the label may be made directly on the label.

## Electronic Filing and Endangered Resources Team Up

Many thanks to all electronic filers, for reminding your clients to donate to the Endangered Resources Fund. Their donations were higher, on average, than clients of preparers who did not file electronically. The Endangered Resources Fund is the major source of income for the Department of Natural Resources' Bureau of Endangered Resources (BER). All donations (up to \$500,000) are matched — so gifts are worth double to BER.

The Wisconsin Department of Revenue (DOR) and BER are once again joining forces to promote the benefits of electronic filing, and to remind filers to donate to the Endangered Resources Fund on their Wisconsin electronic returns.

Promotions will be radio ads, posters, and a variety of other media. These promotions, funded 50% by BER, are designed to encourage taxpayers to come to you for electronic filing services.

Participants in the Wisconsin electronic filing program will be invited to join in the campaign in one or both of the following ways.

1. DOR will furnish to electronic filers on request, tapes of radio commercials advertising electronic filing and endangered resources donations. Electronic filers can purchase their own air time, on whatever radio station(s) they prefer. They may also add their "tag" to the commercial. Tags are limited to the firm's name, address, telephone number, and/or hours of operation.
2. Electronic filers and software companies are invited to contribute to the purchase of air time for

commercials advertising electronic filing and endangered resources donations. The commercials will air primarily in the Madison, Milwaukee, and Fox Valley areas. Every dollar contributed to this advertising fund will be matched by BER. To contribute, send a check or money order payable to "Wisconsin Natural Resources Foundation, Inc." to Wisconsin Natural Resources Foundation, Inc., P.O. Box 129, Madison, WI 53701. Make a notation on the check that it is for ERF/ELF. *Please do NOT make checks payable to the Department of Revenue or send them to DOR.*

If you'd like a taped commercial or want more information on how you can help promote electronic filing and endangered resources donations, please call or write:

Carolyn Larson, Coordinator  
Wisconsin Electronic Filing  
P.O. Box 8977  
Madison, WI 53708-8977  
Phone: (608) 264-6886

— or —

Mary Kay Sherer  
Bureau of Endangered Resources  
P.O. Box 7921  
Madison, WI 53707-7921  
Phone: (608) 266-5243.

### 1995 Federal and Wisconsin Individual Income Tax Differences

There are a number of differences between the Wisconsin and federal tax treatment of income, deductions, or credits. The chart on the next page was prepared as a quick reference guide to some of the federal and Wisconsin individual income tax differences for 1995. It is not intended to include all differences.

## 1995 Federal and Wisconsin Individual Income Tax Differences

Provision	Federal Tax Treatment	Wisconsin Tax Treatment
1. Capital gains and losses:		
Net long-term capital gains	Taxable	40% taxable
Net capital losses	Up to \$3,000 may be used to offset ordinary income (\$1,500 if MFS)	Up to \$500 may be used to offset ordinary income
2. Child and dependent care expenses	Credit based on expenses	No credit or deduction
3. Child's income reported by parent	Permitted: income taxed at parent's rate	Not permitted: return must be filed for child
4. Disability income	Credit may be allowed	Exclusion up to \$5,200
5. Earned income credit	Credit allowed to individuals with or without children	Credit allowed only to individuals with qualifying children
6. Farm losses	Deductible unless passive loss limits apply	Federal passive loss limits apply. Also Wisconsin limit based on nonfarm income with carryover of unused losses.
7. Farmland preservation and farmland tax relief credit received	Treated as a recovery of real estate tax	100% taxable
8. Foreign income taxes	Deduction or credit allowed	No credit or deduction
9. Interest from U.S. Government securities	Taxable	Not taxable
10. Itemized deductions	Allowed as a subtraction from adjusted gross income	Certain itemized deductions are used to compute various credits
11. Jobs credit	As of 11/1/95, credit allowed for person who began work before 1/1/95: wage expense reduced by credit	No credit (except in development zones): wage expense allowed
12. Lump-sum distribution from qualified retirement plan	5- or 10-year averaging may be allowed	No averaging available, fully taxable
13. Medical care insurance costs	Subtraction for 30% of medical care insurance cost paid by a self-employed person	Subtraction for 50% of medical care insurance cost paid by an employe whose employer does not contribute toward the cost and 100% of cost paid by a self-employed person
14. Personal exemptions	\$2,500 for taxpayer, spouse, and each dependent	\$50 credit for each dependent
15. Person age 65 or over	Increased standard deduction	\$25 credit
16. Railroad Retirement Board benefits	May be taxable	Not taxable
17. Rent paid for home	None	Credit may be allowed
18. Retirement income from:		
Wisconsin state and local retirement systems	May be taxable	Generally same as federal, except benefits received from an account established before January 1, 1964 are exempt for certain persons
Federal retirement systems	May be taxable	Generally same as federal, except benefits received from an account established before January 1, 1964, are exempt
19. Small business stock	No exclusion for 1995	Gain from sale of qualified small business stock acquired on or after January 1, 1986 and held 5 years is not taxable
20. Social security benefits	Up to 85% may be taxable	Up to 50% may be taxable
21. State and municipal bond interest	Exempt	Generally taxable; limited exceptions
22. State income tax refunds	May be taxable	Not taxable
23. Unemployment compensation	Taxable	All, a portion, or none may be taxable

## Package WI-X Available for 1995

Package WI-X contains actual size copies of most 1995 Wisconsin individual and fiduciary income tax, corporation franchise and income tax, partnership, estate tax, motor vehicle fuel tax, sales and use tax, and withholding tax forms.

If you have not yet ordered your 1995 Package WI-X, send your request and \$7 per copy, plus sales tax, to Wisconsin Department of Revenue, Forms Request Office, P.O. Box 8903, Madison, WI 53708-8903. □

## New Reciprocity Publication

A new publication, Wisconsin Publication 121, *Reciprocity*, provides information on reciprocity and its effect on residents and nonresidents of Wisconsin.

Wisconsin has reciprocity agreements with five states: Illinois, Indiana, Kentucky, Michigan, and Minnesota. As a result of these agreements,

- (1) Wisconsin generally will not tax the personal service income (for example, salaries, wages, commissions, and fees earned by an employe) of individuals who are domiciled in these states and who are employed in Wisconsin, and
- (2) Illinois, Indiana, Kentucky, Michigan, and Minnesota generally will not tax the personal service income of individuals who are domiciled in Wisconsin and who are employed in these states.

A copy of Publication 121 is reproduced on pages 51 to 54 of this Bulletin. □

## Department Offers Taxpayer Assistance

During the filing season of January through April 15, 1996, department personnel will be available to answer questions.

In the department's larger offices, assistance is provided on a daily basis (Monday through Friday). Assistance in other offices generally is available on Mondays only, although there are exceptions as noted below.

### Offices Providing Daily Assistance

Location	Address	Telephone No.	Hours
* Appleton	265 W. Northland Ave.	(414) 832-2727	7:45-4:30
* Eau Claire	718 W. Clairemont Ave.	(715) 836-2811	7:45-4:30
* Green Bay	200 N. Jefferson St., Rm. 526	(414) 448-5179	7:45-4:30
* Kenosha	5906 10th Ave., Rm. 106	(414) 653-7100	7:45-4:30
Madison	125 S. Webster St.	NONE	8:00-4:30
* Madison	4638 University Ave.	(608) 266-2772	7:45-4:30
* Milwaukee	819 N. Sixth St., Rm. 408	(414) 227-3883	7:45-4:30
* Racine	616 Lake Ave.	(414) 638-7500	7:45-4:30
* Waukesha	141 N.W. Barstow St.	(414) 521-5310	7:45-4:30

### Offices Providing Assistance on Mondays Only (unless otherwise noted)

Baraboo	1000 Log Lodge Ct.	(608) 356-8973	7:45-4:30
Beaver Dam	211 S. Spring St.	(414) 887-8108	7:45-4:30
Elkhorn	300 S. Lincoln St.	(414) 723-4098	7:45-4:30
Fond du Lac	845 S. Main, Ste. 150	(414) 929-3985	7:45-4:30
Grafton	1930 Wisconsin Ave.	(414) 377-6700	7:45-4:30
Hayward	100 Ranch Rd.	(715) 634-8478	7:45-11:45
Hudson	1810 Crestview Dr., Ste. 1B	(715) 381-5060	7:45-4:30
Janesville	101 E. Milwaukee	(608) 758-6190	7:45-4:30(a)
* La Crosse	620 Main St.	(608) 785-9720	7:45-4:30(a)
Lancaster	130 W. Elm St.	(608) 723-2641	7:45-4:30
Manitowoc	914 Quay St.	(414) 683-4152	7:45-4:30
Marinette	Courthouse, 1926 Hall Ave.	(715) 732-7565	9:00-12:00
Marshfield	300 S. Peach Ave., Ste. 4	(715) 387-6346	7:45-4:30
Monroe	1518 11th St.	(608) 325-3013	7:45-4:30
Oshkosh	300D S. Koeller	(414) 424-2100	7:45-4:30
Rhineland	203 Schiek Plaza	(715) 365-2666	7:45-4:30
Rice Lake	101 N. Wilson Ave.	(715) 234-7889	7:45-4:30
Shawano	1340 E. Green Bay St., Ste. 2	(715) 526-5647	7:45-4:30
Sheboygan	504 S. 14th St.	(414) 459-3101	7:45-4:30
Superior	1225 Tower Ave., Ste. 315	(715) 392-7985	7:45-4:30
Tomah	1200 McLean Ave.	(608) 372-3256	7:45-11:45
Watertown	600 E. Main St.	(414) 261-7700	7:45-4:30
Waupaca	644 Hillcrest Dr., Ste. 2	(715) 258-9564	7:45-11:45
Wausau	710 Third St.	(715) 842-8665	7:45-4:30
West Bend	120 N. Main St.	(414) 335-5380	7:45-4:30
Wisconsin Rapids	830 Airport Ave.	(715) 421-0500	7:45-4:30

\* Open During noon hour

(a) Open Monday, Tuesday, and Wednesday